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# Selected Speeches and News Releases

May 2 - May 8, 1991

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# News Releases

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U.S. Department of Agriculture • Office of Public Affairs

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## COMMENT SOUGHT ON PROPOSAL TO REVISE STANDARDS FOR PISTACHIOS IN THE SHELL

WASHINGTON, May 2—The U.S. Department of Agriculture is seeking public comment on a proposal to revise U.S. standards for grades of pistachio nuts in the shell.

Daniel D. Haley, administrator of USDA's Agricultural Marketing Service, said the proposal would add a fourth grade, U.S. No. 3, to the existing three grades, U.S. Fancy, U.S. No. 1, and U.S. No. 2. The Western Pistachio Association asked USDA to propose the change, he said.

The new grade would permit nuts with a higher degree of shell stain and other visual defects than now provided for in the U.S. grades to carry the U.S. No. 3 grade and thus enter the retail market for pistachios.

Pistachio shell staining results when certain tannins—naturally occurring acids—in the husk of the nut discolor the shell. Stains on the shell, however, appear to have no effect on the nut's kernel, or interior.

The new grade would allow pistachio shells to bear a few more irregular suture lines, or closure joints, than allowed for in U.S. No. 2 nuts. It also would require that pistachios graded as U.S. No. 3 meet U.S. No. 2 interior quality standards.

AMS works with industry representatives and other interested parties to establish or revise U.S. standards for many agricultural products. These standards facilitate commerce in agricultural commodities by providing a common language to describe product quality.

Notice of the proposed rule will be published in the May 3 Federal Register. Written comments, postmarked or courier-dated no later than July 5, should be sent in duplicate to the Standardization Section, Fresh Products Branch, Fruit and Vegetable Division, rm. 2056-S, P.O. Box 96456, Washington, D.C. 20090-6456. Copies and additional information are available from that office, telephone (202) 447-2185.

Clarence Steinberg (202) 447-8998

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## **USDA'S MEAT AND POULTRY HOTLINE OFFERS TIPS ON SAFE BARBECUING**

**WASHINGTON**—Home economists who staff the U.S. Department of Agriculture's Meat and Poultry Hotline are making the season safer for consumers with tips on safe barbecuing.

"We've seen interest in outdoor cooking build steadily in the last few years," says Hotline manager Susan Templin Conley. "In fact, last year, cooking-out questions accounted for 27 percent of total summer food-handling and preparation calls."

Helping people manage outdoor cooking to avoid illness is critical since foodborne diseases peak in the hot summer months, says Conley.

Here are tips to help consumers enjoy the cookout season safely:

—Marinate foods only in the refrigerator. If you intend to use your marinade later for basting or as a dip, reserve a portion of it for these purposes before raw meat is placed in it. Foods should be marinated in a non-metallic container.

—Remove visible fat from meat to avoid flare-ups and charring.

—When partially cooking meat or poultry before grilling, put the food on the grill immediately after partial cooking is completed.

—If cooking ahead, cook food thoroughly, then refrigerate it in small containers for quick cooling and later reheating before serving.

—Cook red meat and fish to 160 degrees F; poultry to 180 degrees. When done, poultry should not be pink and all juices should run clear. Fish should flake with a fork.

—Serve food from the grill on a clean platter. Never serve from a platter used to hold raw meat before cooking, unless the platter has been washed thoroughly with soap and hot water. Residue and juices from raw meat could contain potentially harmful bacteria.

"To keep food-safety hazards to a minimum, always use extra care when preparing food outdoors without refrigeration or running water," Conley says. "Keep cold foods cold until just before serving. Serve hot foods quickly and only after the food has been thoroughly cooked."

For answers to other questions about grilling and warm-weather food handling, call USDA's Meat and Poultry Hotline at 1-800-535-4555. The Hotline staff can provide information on the safe handling and storing of meat, poultry and other perishable products.

The Hotline is open weekdays 10 a.m. to 4 p.m. Eastern time. Callers in the Washington, D.C., area should dial (202) 447-3333. Hearing

impaired callers can reach the service by dialing either the "800" or the local Washington number. Both numbers provide access to a telecommunications device for the deaf.

The Meat and Poultry Hotline is a consumer service of USDA's Food Safety and Inspection Service. FSIS and its 9,000 employees are dedicated to ensuring that meat and poultry products are safe, wholesome and accurately labeled.

Susan Templin Conley (202) 447-9351  
Issued: May 2, 1991

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## **USDA ANNOUNCES 1991 FLUE-CURED TOBACCO GRADE SUPPORT RATES**

WASHINGTON, May 3—The U.S. Department of Agriculture's Commodity Credit Corporation today announced grade loan rates for the 1991 crop of flue-cured tobacco, based on the price support level of \$1.528 per pound.

The loan rates range from \$1.03 to \$1.93 per pound for the 1991 crop. The price support level for the 1990 crop was \$1.488 per pound and the loan rates ranged from \$1.00 to \$1.92 per pound.

The Flue-Cured Tobacco Cooperative Stabilization Corporation will deduct one cent per pound from the grade loan rates for administrative costs.

Loans are not available on flue-cured tobacco identified by a 1991 Tobacco Marketing Card bearing the notation "No Price Support" or "Discount Variety—No Price Support." For tobacco identified by a 1991 Tobacco Marketing Card bearing the notation "Discount Variety—Limited Price Support," the applicable rates are one-half of the rates quoted in the schedule, plus fifty cents per hundred pounds. Any grade to which the special factor "sand" or "dirt" is added (denoting a moderate amount of sand or dirt) may be accepted at 90 percent, rounded to the nearest cent of the rate listed in the attached schedule.

Loans are unavailable on tobacco graded P5L, P5F, P5G, N1L, N1GL, N1XL, N1XO, N1PO, NO-G (no grade), N2 (second quality nondescript), W (doubtful keeping order), U (unsound) or scrap. However, marketings of these low grades will be charged against the quotas of the farms on which they were produced.

The following tables give the grades and loan rates:

Rates quoted below are applicable to flue-cured tobacco identified by a 1991 Tobacco Marketing Card not bearing the notation "No Price Support," or "Discount Variety - No Price Support" or "Discount Variety - Limited Price Support." For tobacco identified by a 1991 Tobacco Marketing Card bearing the notation "Discount Variety - Limited Support," the applicable rates are one-half of the rates quoted below, plus fifty cents (\$0.50) per hundred pounds. Any grade to which the special factor "sand" or "dirt" is added (denoting a moderate amount of sand or dirt) may be accepted at 90 percent, rounded to the nearest cent, of the rate listed.

**1991-Crop Flue-Cured Price Support Schedule  
(cents per pound farm sales weight)**

Grade	Loan Rate	Grade	Loan Rate	Grade	Loan Rate
B1L	193	B4G	150	X3KR	153
B2L	191	B5G	142	X4KR	145
B3L	189	B6G	134		
B4L	186			X3V	151
B5L	176	B4GK	148	X4V	142
B6L	171	B5GK	141		
		B6GK	131	X3KM	145
B1F	193			X4KM	136
B2F	191	B5GR	127		
B3F	189			X3S	144
B4F	187	B5GG	122	X4S	134
B5F	176				
B6F	171	H3F	189	X4KL	131
		H4F	187	X4KF	131
B1FR	192	H5F	176		
B2FR	189	H6F	171		
B3FR	187			X3LL	136
B4FR	185	H4FR	185	X4LL	130
B5FR	175	H5FR	175		
B6FR	170	H6FR	170	X4KV	127
B3K	181	H4K	178	X4G	127

B4K	178	H5K	170	X5G	122
B5K	170	H6K	159	X4GK	125
B6K	159				
		C1L	179	P2L	144
B3KR	179	C2L	176	P3L	135
B4KR	173	C3L	173	P4L	130
B5KR	164	C4L	166		
		C5L	160	P2F	144
B3V	175			P3F	135
B4V	169	C1F	179	P4F	130
B5V	161	C2F	176		
		C3F	173	P4G	115
B3KM	174	C4F	166		
B4KM	168	C5F	160	M4F	146
B5KM	160			M5F	135
B6KM	149	C4KR	158		
				M4KR	134
B3S	168	C4V	156		
B4S	163	C4KM	155	M4KM	133
B5S	156	C4S	153	M5KM	129
B3KL	167	C4KL	152	M4GK	121
B4KL	163	C4KF	152	M5GK	115
B5KL	153	C4KK	151		
B6KL	146			N1K	126
		C4LL	145	N1R	120
B3KF	167	C5LL	139	N1GF	109
B4KF	163			N1GR	108
B5KF	153	C4G	141	N1KV	111
B6KF	146	C4GK	136	N1GG	103
				N1BO	113
B3KK	166	C5LP	132		
B4KK	160	C5FP	132		
B5KK	151				
B6KK	142				
		X1L	172		
B5R	148	X2L	165		
		X3L	159		
B4KV	157	X4L	146		
B5KV	147	X5L	132		

B6KV	138	X1F	172
B3KD	164	X2F	165
B4KD	156	X3F	159
B5KD	144	X4F	146
B6KD	136	X5F	132

Contact: Doug Richardson (202) 447-3518.

Bruce Merkle (202) 447-8206

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## CCC PROPOSES CHANGES IN 1991 UPLAND COTTON PRICE SUPPORT PROGRAM REGULATIONS

WASHINGTON, May 3—An official of the U.S. Department of Agriculture's Commodity Credit Corporation today announced proposed amendments to the 1991 upland cotton price support program which specify the terms and conditions under which producers are eligible to participate in the program.

Keith Bjerke, CCC executive vice president, said the amendments are required by the Food, Agriculture, Conservation, and Trade Act of 1990. The amendments apply to Title 7 of the Code of Federal Regulations, Part 1427.

The proposed rule would:

- allow a person engaged in the business of storing, processing or merchandising any commodity to act as an agent for a producer if that person is delegated authority restricted specifically to repaying outstanding loan amounts, plus interest and charges, and the delegation is on file at the USDA'S Agricultural Stabilization and Conservation Service county office.

- provide that in order for upland cotton to be eligible for price support it must have a strength reading of more than 18 whole grams per tex as determined by the Agricultural Marketing Service using a high volume instrument (HVI).

- provide that title and beneficial interest must remain with the producer throughout the loan period to protect CCC's interest in cotton under loan. However, a producer shall not be considered to have divested beneficial interest in the cotton if (1) the producer enters into a forward

contract to sell cotton which does not provide for an advance payment to be made by the buyer; or if (2) a producer enters into a purchase-option contract, with or without a provision for advance payment, which provides that title, risk of loss, and beneficial interest in the cotton remains with the producer until the buyer exercises the option to purchase. The contract must also provide that the option to purchase will expire if the cotton is forfeited to the CCC.

—provide that a producer may repay a loan amount for upland cotton at a level that is the lesser of (1) the loan level plus charges and accrued interest, or (2) the higher of the loan level multiplied by 70 percent or the adjusted world price in effect on the day of repayment.

—provide that if an upland cotton loan is extended and repaid at less than the loan level, the repayment amount will include loan interest accrued from the first month of the extension.

—provide that loan deficiency payments will be available for the quantity of upland cotton that is eligible to be pledged as collateral for a price support loan.

Robert Feist (202) 447-6789

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## **U.S. WHEAT SUPPORT LEVELS DROP BELOW CANADA'S**

WASHINGTON, May 3—Secretary of Agriculture Edward Madigan today announced the latest calculation of producer support levels under the U.S.-Canada Free Trade Agreement shows the support level for U.S. wheat has dropped below that of Canada's.

This determination means Canada soon will remove import licenses for U.S. wheat and wheat products.

Under the agreement, Canada is required to remove such import-restricting licenses for wheat, barley and oats from the United States when U.S. support levels for each grain are equal to or less than those of Canada.

Support levels are calculated in terms of the percentage of producers' income provided by government support for each type of grain. The latest calculations show the following support levels for wheat and barley:

	Wheat	Barley
United States	26.80%	26.47%
Canada	31.12%	18.89%

"This reduction in the U.S. support level for wheat means expanded market access for U.S. producers," Madigan said. "The provisions of the U.S.-Canadian Free Trade Agreement allowing this access is an example of how workable free-trade agreements between nations can benefit farmers."

Madigan said increased market access is one of the major goals of the United States in the current negotiations of the General Agreement on Tariffs and Trade and in the proposed North American Free Trade Agreement.

In 1989, Canada removed its import license requirement for U.S. shipments of oats and oat products based on relative support-level determinations under the two countries' free-trade agreement.

For technical information about support-level calculations, contact James Vertrees, (202) 475-4587.

Sally Klusaritz (202) 447-3448

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## LUNG VIRUS COULD BE FOUNDATION FOR INTESTINAL VIRUS VACCINE

WASHINGTON—A virus that grows harmlessly in the lungs of pigs may help U.S. Department of Agriculture scientists develop an improved vaccine against a swine intestinal disease that complicates exports.

The respiratory virus is a variant of the virus that produces transmissible gastroenteritis (TGE), a devastating intestinal disease that kills newborn pigs. Vaccines are available commercially against TGE, but reportedly are only marginally effective. Breeder pigs must test negative for TGE before they can be exported.

Ronald D. Wesley, veterinary medical officer, and colleagues at USDA's Agricultural Research Service found in preliminary tests that the respiratory virus can provide passive immunity through sows to their offspring. Passive immunity refers to antibodies passed in the mother's milk to nursing piglets so they can fight a disease.

Using this information to develop a more effective vaccine against TGE could take at least two to three years, Wesley said.

In the tests at the ARS National Animal Disease Center in Ames, Iowa, three pregnant sows were inoculated with the lung virus, Porcine

Respiratory Coronavirus (PRCV). A fourth pregnant sow was not inoculated.

At four days old, 21 baby pigs from the three inoculated sows were given the potentially deadly TGE virus. These pigs developed a diarrhea, but all survived, Wesley said. In comparison, the sow that was not inoculated produced 11 piglets. Of these, only three survived the TGE virus.

Wesley said the research team has repeated the tests using three more PRCV-infected gilts and three uninfected gilts. Twenty-two of 28 offspring from the PRCV-infected gilts survived TGE, while only five of 23 offspring from the sows not infected with PRCV survived TGE.

Humans cannot be infected with either PRCV or TGE viruses. The viruses infect only pigs, Wesley said.

The scientists discovered PRCV in February 1989 in the nasal secretions of pigs that had tested positive for TGE. These pigs originated from healthy herds in Indiana, North Carolina and Minnesota and were being readied for export.

Wesley, who led studies identifying the new virus strain, said the pigs had tested positive for TGE because they were infected with the respiratory virus, which had not been previously seen in the United States. The newcomer virus grows in the nasal passages and lungs of pigs rather than in the intestines.

Wesley and co-workers have developed a gene probe and a blood test that could be used to distinguish between pigs infected with PRCV and those with TGE.

"The gene probe and diagnostic test will help us study how the virus is spreading," Wesley said. "We're interested in the virus' genetic makeup so we can better understand why PRCV infects lung cells and nasal passage cells and leaves cells in the intestinal tract alone."

Wesley and co-workers have pinpointed two locations on the virus' genetic makeup, or genome, that differ from TGE. The respiratory virus' genome contains genetic deletions that appear to block the virus' ability to infect intestinal cells.

Linda Cooke (309) 685-4011  
Issued: May 7, 1991

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## **USDA AND VIRGINIA TO COOPERATE ON FOREST BIODIVERSITY EDUCATION**

**WASHINGTON**, May 7—The U.S. Department of Agriculture and the Virginia Recreational Facilities Authority (VRFA) have entered into an agreement to advance public awareness of biological diversity issues, a senior USDA official announced today.

Under the agreement, USDA's Forest Service and the Lewis and Clark Environmental Education Center, a division of VRFA located in Roanoke, Va., will collaborate in developing public understanding and support for forest biological diversity through cooperative scientific research, education and training programs.

"There are many competing demands on our natural resources and we hope this agreement will be another important step in educating the public on how they can use our nation's forest resources wisely," said James R. Moseley, assistant secretary of agriculture for natural resources and the environment.

Dr. Rupert Cutler, director of the Lewis and Clark Center, said the Forest Service and VRFA will develop training programs and mediation methods to help protect the environment of the Southern Appalachian Bioregion.

"We hope the programs we establish though this cooperation will become models to help save biodiversity worldwide," Cutler said.

Bern Ewert, VFRA director, said, "With the signing of this agreement we have established an important national environmental mission for the Lewis and Clark Center."

Under the agreement, USDA, VRFA, and Lewis and Clark Center will:

- Organize and conduct regional environmental mediation projects that bring together public officials, representatives of local communities, businesses and environmental organizations to discuss biological diversity on public and adjacent lands;

- Organize and conduct research and development projects in public administration, public involvement, environmental quality monitoring, and the use of computers in land-use planning;

- Develop biodiversity training courses; and

—Inform the public of the Forest Service's role in protecting and managing the nation's biological diversity.

Chris Holmes (202) 447-5060

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## **USDA ANNOUNCES 1991 COUNTY LOAN AND PURCHASE RATES FOR MINOR OILSEED CROPS**

WASHINGTON, May 8—The U.S. Department of Agriculture's Commodity Credit Corporation today announced county price support loan rates for the 1991 crops of canola, flaxseed, mustard seed, rapeseed, safflower and sunflower.

The 1991-crop county price support loan rates were determined in accordance with the Agricultural Act of 1949 and reflect the national average price support rate of 8.9 cents per pound for each oilseed.

Copies of the rate schedules are available from Tom Fink, Cotton, Grain and Rice Price Support Division, USDA/ASCS, P.O. Box 2415, Washington, D.C. 20013; telephone (202) 447-8701.

Bruce Merkle (202) 447-8206

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## **1991 GATT URUGUAY ROUND HIGHLIGHTS**

**HOW WILL U.S. FARMERS BENEFIT** if we get a successful GATT Uruguay Round agreement this year? Export markets that have been closed or restricted will open gradually. Export markets that are already open won't close. World economies will get a boost. World agricultural trade will increase. U.S. farmers should get a significant share of the increase in farm trade. Market prices for many farm commodities will strengthen. Setaside requirements will ease. Plantings for a number of crops can increase. Livestock product exports will also gain. Farmers will get more money from the market and will depend less on Government payments.

**COMPETITORS COULD NO LONGER** stimulate their production with sky-high price supports (sometimes double our levels) . . . close their borders to imports . . . use unjustified health regulations to keep out the competition . . . pile up surpluses and then dump this excess production on world markets with big farm export subsidies. U.S. farmers will face much smaller foreign subsidies. It's not a question of whether we come out ahead—but by how much. Some other countries will also gain because of an expanding export market and trade opportunities.

**U.S. FARM EXPORT SALES** by the mid-1990's would likely be \$6 to \$8 billion higher than if we don't have a GATT agreement—about 16% to 22% higher than now. U.S. cash farm income would be at least \$1 to \$2 billion higher than without an agreement, maybe more. These income and export benefits would grow as trade expands, as pointed out in the USDA Office of Economics publication "Economic Implications of the Uruguay Round for U.S. Agriculture," released today.

**HOW DO WE GET** that kind of GATT agreement? First, Congress must continue "fast track" authority. Fast track requires that the Administration work closely with Congress and private sector representatives to develop an agreement that is good for the country. Fast track authority guarantees that when negotiators reach a GATT agreement, Congress will vote to accept or reject the agreement, as is, within a fixed period of time without changing the agreement. Continuation of fast track authority is being considered in Congress now.

**WHAT IF WE DON'T GET** fast track authority? In that event, trade negotiations are as good as dead! We couldn't assure GATT negotiators from other countries that the agreement they reach will be the one Congress votes up or down. If Congress were going to amend the agreement before approval, other countries would not want to negotiate with us. They wouldn't give up tough concessions as their "last offer" to get something they wanted if they thought the agreement would come back from our Congress with amended conditions.

**LET'S LOOK AT THE** trade proposals that we are taking into the revived 1991 GATT negotiations: They are the same positive trade proposals that the U.S. laid on the negotiating table last October. The proposals call for all nations to agree to convert their nontariff trade barriers—such as variable levies and import quotas—to tariffs and then reduce all tariffs by 75% over the next 10 years. Minimum import access would be assured. Each nation would also make a 75% reduction in trade-distorting internal farm policies over the 10-year transition period. Nations would also agree to reduce by 90% both the quantities of agricultural commodities they export with the aid of export subsidies, and the expenditures for those subsidies, over the same 10-years.

**ADJUSTMENTS WOULD BE GRADUAL** over 10 years. If imports surge into a country, it can use temporary “snapback” provisions to ease adjustments. We could use them too.

**SUPPORTS WOULD NOT BE ELIMINATED.** You'd have leeway in how you reduced your aggregate level of internal trade-distorting subsidies. We could continue target prices, while reducing deficiency payments from the 1986-88 base period (as we have already been doing).

**COUNTRIES COULD MAKE PAYMENTS** to farmers, as long as the payments do not subsidize production—leaving such programs as our Conservation Reserve, disaster payments, and safety net programs that have a minimal effect on production. These non-tradedistorting payments would not be subject to reductions.

**WE CAN STILL BE VIGILANT** in food safety. U.S. agencies would continue to set health and safety standards based on a sound, scientific basis. Other countries would do the same. The agreement would rule out non-scientific standards imposed capriciously to limit trade.

**WHY DO WE THINK** other countries will eventually support that kind of GATT agreement? Because what they have now costs them too much. They want more open markets for their products, just as we do. The cost of maintaining trade distortions—already staggering in some places—will simply go higher. We think good sense will prevail in the GATT negotiations because trade protectionism is too costly in many ways: in government outlays...consumer prices...dwindling consumption...markets

lost for a country's farmers...harm to the environment...and harm done to a nation's economic growth.

**NOW LET'S LOOK AT** where U.S. farmers stand as we go into the final phases of the negotiations: First, U.S. farmers already have made large adjustments in internal farm subsidies since 1986-88 as a result of the 1985 and 1990 Farm Acts and budget legislation. Second, the U.S. already has low agricultural tariffs and import protection for most products. Third, we are much less dependent on farm export subsidies than our chief farm export competitor, the European Community. Much of the cost of our farm programs is simply to offset the heavy farm support and protection programs of other countries.

**LET'S PROJECT AHEAD** half way through a 10-year transition period that might start in 1992 and see where we would be at the end of 1996: Let's say that all countries would (1) convert their nontariff import barriers to tariffs and cut those 6% to 8% annually from 1986-88 levels, as well as provide some minimum imports into their markets; (2) they would make similar 6% to 8% cuts annually in trade-distorting internal farm subsidies; and (3) they would make 6% to 9% cuts annually in the quantities they export with farm export subsidies.

**WHAT WOULD THAT MEAN** to U.S. agriculture? Reduced import barriers abroad would open up new export market outlets for U.S. farm products. Cuts in trade-distorting farm policies overseas would reduce surplus production abroad and expand market outlets for our farm products. Reductions in quantities of farm products dumped on world markets with high subsidies would raise world market prices. The GATT agreement would stimulate economic growth abroad and here, increasing worldwide demand for food and fiber products. We'd sell more for higher prices. Let's look at the effect on U.S. commodities:

### **Wheat markets would strengthen considerably.**

Wheat markets would be stronger because of improved access to world wheat markets, economic growth around the world, and lower subsidized exports—all of which would boost U.S. wheat shipments and wheat growers' income. Higher wheat prices would reduce participation in U.S. wheat acreage reduction programs. Cuts in wheat subsidies already made

in the 1985 and 1990 Farm Acts and budget legislation will give the U.S. a big step toward meeting our internal support commitments. Present wheat programs would likely need no changes through 1996. There would be less need for EEP to counter high foreign export subsidies, since they will be declining.

By 1996 our wheat exports would likely be 16% to 20% higher than we would have under no GATT agreement. U.S. wheat prices would likely be 22% to 28% higher than with no agreement. Production would be 4% to 6% higher. U.S. wheat growers' gross cash revenues would increase enough from larger market sales that even with lower deficiency payments, growers' cash intake would be 6% to 9% higher than if we don't have a GATT agreement.

### **U.S. feed grain producers would gain.**

U.S. feed grain exports would rise and prices would strengthen—spurred by greater access to markets around the world, economic growth, cuts in subsidized exports, and increased demand for U.S. feed grains. By 1996, U.S. corn exports are likely to be 10% to 12% larger than we'd have without a GATT agreement. U.S. corn prices are expected to be 6% to 8% higher than otherwise expected by 1996; production would be up 1% to 2%; and corn-growers' gross cash revenues from corn production would be 3% to 5% larger as market receipts rise and deficiency payments fall due to higher prices. Barley and grain sorghum exports and prices would also rise. Reductions in corn subsidies already made and higher market prices would likely enable the U.S. to meet its internal support commitment. No additional policy changes would be needed for grain sorghum or barley.

### **Rice growers would benefit.**

The U.S. alone has the capability to meet a large part of the additional demand expected for japonica medium-grain rice in East Asia. Demand for long-grain indica rice would also rise, but Asian competitors might capture much of that market. Prices for japonica rice would rise more than for indica rice.

U.S. rice exports would likely be 32% to 35% higher in 1996 than without an agreement. By 1996 average rice prices in the U.S. would rise

as much as 50% to 55% higher than without an agreement. Rice growers' revenues would rise 9% to 14%. At those price levels, no program changes would be needed to meet GATT commitments through 1996.

### **Cotton outlets would grow.**

Cotton exports would gain from stronger economic growth around the world...from increased textile demand...from cuts in internal subsidies among foreign countries...and from smaller world output. U.S. mill use of cotton would be little affected. Higher U.S. cotton prices would reduce participation in the cotton farm program. The 1990 Farm Act and budget legislation should provide sufficient changes in policy to meet our internal support commitments under the GATT agreement.

USDA expects that by 1996 U.S. cotton exports would be 5% to 6% higher than without an agreement; cotton prices would be 6% to 7% higher than otherwise; production would increase by 2% to 3%; and cotton's total gross cash revenues would be 4% to 5% higher.

### **Oilseed markets would improve.**

Oilseeds have little support and trade protection around the world. A major exception is the European Community, where high support prices are causing explosive growth in production. This growth has displaced oilseed imports. Cuts in support prices would reduce EC output and raise world oilseed prices. Higher global incomes would increase demand for vegetable oils, oilseed meals, and livestock products.

U.S. soybean prices would likely rise about 4% by 1996; soybean and soybean meal exports would increase a little; and producer revenues would increase about 5% higher than without an agreement. Marketing loans provided by the 1990 Farm Act for soybeans and minor oilseeds would be subject to the soybean subsidy reduction commitment, but marketing loan outlays are not expected through 1996.

### **The peanut situation would change.**

Most trade in peanuts is for edible use. The U.S. dominates this trade and our peanuts usually sell at a premium. Therefore, U.S. producers are

in a position to benefit from any export opportunities under the Uruguay Round.

Foreign producers could claim 3% of our domestic consumption, or about 90 million pounds as a minimum import level. That would increase to about 125 million pounds by 1996. There would be an initial tariff of about 20 cents/lb. on imports above the minimum access level, which would prevent additional imports at expected world prices.

The quota loan could be reduced to 25 to 26 cents/lb. by 1996. Average prices would fall 22% to 25% from what would be expected in 1996 without a successful GATT agreement. Non-trade-distorting payments would be required to keep producer revenues from falling.

Domestic use would increase slightly. Peanut production would change little. Production of additional non-quota peanuts would not be affected and would replace quota peanuts. Production costs would decline as a result of declining rents paid by producers who rent quotas, and lower seed costs (seed costs account for about 25% of present variable cash costs).

### **U.S. tobacco would gain.**

We are already the world's largest tobacco exporter and importer. Trade barriers overseas would fall. Foreign production and foreign export subsidies would shrink. Trade in tobacco leaf and products would rise. U.S. leaf export quantities (including leaf in cigarettes) might rise 10% to 15% higher than without an agreement. Prices and production both would be slightly higher. U.S. producer revenues would increase about 5%.

U.S. tobacco programs and import conditions face little change. Our tariffs are generally small, and most tariff collections are refunded because importers export more than they bring in. The domestic tobacco program holds down, rather than subsidizes, production. The program would not face any significant modification because internal subsidies are small and are already below required levels.

### **Sugar producers would face moderate changes.**

Globally, subsidized sugar exports would fall and market access would rise. As a result, world sugar prices should increase.

By 1996 U.S. domestic sugar prices would be at about present levels, but could be 5% to 6% below levels we'd likely have without a GATT agreement. Based on 1986-88 average imports, the minimum access level would be about 1.2 million short tons, roughly one-half of current imports. There would be an initial tariff of about 12.5 cents/lb. on imports above the minimum access level. Based on expected world prices, no additional imports would occur.

Production would be down modestly and producer revenues would be 8% to 10% lower than levels without an agreement—unless growers receive non-tradedistorting payments, as permitted by GATT.

### **U.S. fruit and tree nut producers would come out ahead.**

The U.S. exports about \$3 billion a year of these products. Exports are expected to increase more than 6% a year even without an agreement. With an agreement, U.S. exports will increase an additional 10% to 15%, adding \$440 to \$560 million to export values by 1996.

New world markets—particularly for apples, pears, nuts, and grapefruit—will open in many developing countries that have been closed by import bans or restrictive licensing. Tariffs will be lower for fresh oranges, table grapes, wine, and other products shipped to the already important markets of Japan and Korea. Tariffs will be much lower for most imported fruits in Korea and in most of Latin America.

Apple exports would grow 15% to 20% by 1996 under an agreement; apple prices would be slightly higher. Almond exports would increase 5% to 10%; prices, 5% to 8%. Our fresh orange exports would increase 10% to 20% by 1996, with 30% higher sales to Asian markets and 10% higher sales to other markets. U.S. grower prices would be 2% to 5% higher than without an agreement.

We have low or zero tariffs on apples, fresh oranges, table grapes, and raisins. Tariff reductions will affect them little. Orange juice concentrate

prices would decline, but U.S. exports of high quality juice would increase.

### **Vegetables, nursery, and greenhouse products would gain.**

We export nearly \$2 billion a year of these products. Those exports would increase \$250 to \$320 million by 1996.

Our tariffs on many fresh vegetable imports are already low or zero. Major competitors in Central America and the Caribbean already have access to U.S. markets for fresh vegetables and many greenhouse and nursery products through the Caribbean Basin Initiative. Lower U.S. tariffs would lead to lower prices for some U.S. products, such as frozen broccoli, cauliflower, asparagus, and canned tomato products.

Overall, production and prices will be higher for vegetables, nursery, and greenhouse products—but not as much higher as for other crops.

### **Meat and poultry producers would benefit.**

Improved access to markets, economic growth, and cuts in subsidized exports would increase total U.S. exports of meat, poultry, and eggs. By 1996 our meat exports would be 8% to 10% higher, poultry exports would be up 5%, and egg exports would be 14% higher than with no agreement.

U.S. beef, pork, and poultry exports to Japan would increase; pork and poultry exports to Canada would be higher; and poultry exports to the Middle East would expand. Our beef imports would change little; our pork imports would drop. Livestock and poultry production would change little as a result of the agreement. But producer prices and revenues would be higher.

### **U.S. dairy policy would become more market oriented.**

The U.S. can compete in a world dairy market that is less influenced by government policies. By the mid-1990's, world dairy product prices would increase 40% to 45% over levels without an agreement.

We could meet our agreement requirements for reduced internal subsidies by reducing support prices for manufacturing milk or by making other changes. World prices would likely become the effective price floor for manufacturing milk in the later 1990's.

Our import quotas on dairy products would be converted to tariffs. The minimum import levels would be the larger of 3% of our domestic consumption or our import levels in 1986-88. Our imports of dairy products in 1986-88 were already about 3% of our domestic use.

By 1996 our all-milk price would be 6% to 7% lower than if present trends continue and dairy producers' revenues would be off 9% to 10% unless they receive non-trade-distorting payments. However, compared with 1990/91, production in 1996 would be up about 4% and producer revenues would be about the same.

**WHAT ARE THE OVERALL RESULTS?** How much would American agriculture benefit in dollar amounts from a successful GATT agreement along the lines of the U.S. proposal? USDA analysis in the report issued today shows that annual U.S. farm exports would rise by \$6 to \$8 billion by 1996. That increase is compared with what is expected if we were to have no GATT agreement and present trends in world production and trade were to continue to 1996.

**IF WE CAN'T NEGOTIATE** a successful GATT agreement, present trends may not continue on the present course. A failed Uruguay Round is likely to lead to increased protectionism, higher subsidies, and deteriorating market conditions around the world. So the estimated \$6 to \$8 billion gain for American agriculture by 1996 from a successful agreement is likely understated. Beyond 1996, U.S. farm exports would continue to increase even more with a successful GATT agreement.

**OVERALL, A SUCCESSFUL GATT** agreement means that U.S. farm prices would be higher in the mid-1990's. Output would also be higher. More of farmers' income would come from the market and less from Government payments. Those improvements would continue to increase over the last 5 years of the 10-year transition period, and beyond.

**U.S. NET CASH FARM INCOME** would likely rise by \$1 to \$2 billion by 1996, even if we don't make the kind of non-trade-distorting payments to farmers that GATT would permit. The \$2 billion would be an average increase of nearly \$3,000 in net cash farm income per farm among the 630,000 commercial U.S. farms.

May 8, 1991

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